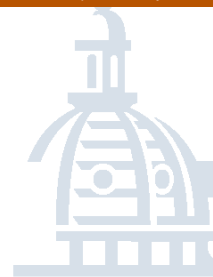




FISCAL UPDATE

Fiscal Services Division

April 3, 2013



IN THIS ISSUE

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STATUS OF APPROPRIATION BILLS

Subcommittee Bills		
Administration and Regulation	HF 603	Passed House – 3/20
Agriculture and Natural Resources	SSB 1245	Passed Senate Appropriations – 4/2
Economic Development	SF 430	Passed Senate Appropriations – 3/26
Education	HF 604	Passed House – 3/20
Transportation	HF 602	Passed Senate Appropriations – 3/26
Other Bills		
County Mental Health Supplemental	HF 160	Signed by Governor – 3/28
Education Reform	HF 215	Passed House – 2/20
Cigarette Fire Safety Standard Fund	HF 245	Passed Senate Appropriations – 4/2
Career and Technical Ed Reform	HF 501	Passed House Education – 3/7
War Orphans Educational Assistance	HF 613	Passed House Appropriations – 3/26
Federal Block Grant Appropriations	HF 614	Passed House – 4/2
Workforce Training	SF 429	Passed Senate – 4/1

MARCH REVENUE ESTIMATING CONFERENCE

Conference Meeting. The Revenue Estimating Conference (REC) met on March 22, 2013, and increased estimated General Fund receipts by \$144.7 million for FY 2013 and by \$166.3 million for FY 2014 compared to the December REC estimate. Note that the December REC estimate has been adjusted to include a reduction of \$24.8 million for FY 2013 and \$35.3 million for FY 2014 for legislative changes enacted after the December REC meeting.

FY 2013 Revenue Estimate. The REC estimate for FY 2013 net General Fund receipts, including transfers, is now \$6.637 billion, an increase of \$325.9 million (5.2%) compared to actual FY 2012. Actual net General Fund cash revenue (excluding transfers) increased \$401.3 million (9.5%) through March 26, 2013. Estimated FY 2013 revenue changes include:

- An increase of \$151.8 million in gross income tax above the adjusted December estimate. The new estimate is an increase of \$322.7 million compared to FY 2012. Through March 26, 2013, gross income tax (cash basis) has increased \$242.0 million (9.8%). Issues regarding federal tax uncertainty at the end of 2012 have likely contributed to the overall increase in the gross income tax revenue amounts for the beginning months of 2013.
- An increase of \$1.0 million in gross sales/use tax above the December estimate. The March estimate is an increase of \$78.0 million (3.1%) compared to FY 2012. Through March 26, 2013, the gross sales/use tax (cash basis) has increased \$65.6 million (3.6%).
- A decrease of \$31.9 million in gross corporate tax compared to the adjusted December estimate. The March estimate is an increase of \$34.0 million (6.5%) compared to FY 2012. Through March 26, 2013, gross corporate tax (cash basis) has increased \$37.3 million (11.6%).

FY 2013 Revenue Estimating Conference Projection

Dollars in Millions

	Actual FY 2012	December FY 2013 Estimate	March FY 2013 Estimate	Increase (Decrease) to December Estimate	Increase (Decrease) to Actual FY 2012	Percentage Change to Actual FY 2012
Income Tax	\$3,634.3	\$3,805.2	\$3,957.0	\$151.8	\$322.7	8.9%
Sales/Use Tax	2,505.3	2,582.3	2,583.3	1.0	78.0	3.1%
Corporate Tax	520.7	586.6	554.7	-31.9	34.0	6.5%
Insurance Tax	101.4	104.0	106.1	2.1	4.7	4.6%
Cigarette Tax	103.1	103.1	96.2	-6.9	-6.9	-6.7%
Other Taxes	150.8	163.6	173.5	9.9	22.7	15.1%
Total Taxes	\$7,015.6	\$7,344.8	\$7,470.8	\$126.0	\$455.2	6.5%
Other Receipts	356.7	323.8	320.3	-3.5	-36.4	-10.2%
Gross Tax & Other Receipts	\$7,372.3	\$7,668.6	\$7,791.1	\$122.5	\$418.8	5.7%
Accruals (Net)	61.3	16.0	19.8	3.8	-41.5	-67.7%
Refund (Accrual Basis)	-820.6	-870.5	-861.0	9.5	-40.4	4.9%
Schl. Infrs. Refunds (Accrual)	-410.6	-432.1	-423.7	8.4	-13.1	3.2%
Total Net Receipts	\$6,202.4	\$6,382.0	\$6,526.2	\$144.2	\$323.8	5.2%
Transfers (Accrual Basis)	108.7	110.3	110.8	0.5	2.1	1.9%
Net Receipts Plus Transfers	\$6,311.1	\$6,492.3	\$6,637.0	\$144.7	\$325.9	5.2%

The December REC FY 2013 estimates have been adjusted for negative \$24.8 million in post-REC Legislative changes.

FY 2014 Revenue Estimate. The REC estimate for FY 2014 net General Fund receipts, including transfers, was set at \$6.871 billion, an increase of \$166.3 million over the adjusted December REC estimate for FY 2013. The FY 2014 estimate is an increase of \$233.6 million (3.5%) compared to the new FY 2013 estimate. The following table provides information on the FY 2014 March REC estimates.

FY 2014 Revenue Estimating Conference Projection

Dollars in Millions

	Estimate FY 2013	December FY 2014 Estimate	March FY 2014 Estimate	Increase (Decrease) to December Estimate	Increase (Decrease) to Estimated FY 2013	Percentage Change to Estimated FY 2013
Income Tax	\$3,957.0	\$3,915.9	\$4,133.5	\$217.6	\$176.5	4.5%
Sales/Use Tax	2,583.3	2,664.5	2,676.1	11.6	92.8	3.6%
Corporate Tax	554.7	620.6	556.6	-64.0	1.9	0.3%
Insurance Tax	106.1	103.3	109.4	6.1	3.3	3.1%
Cigarette Tax	96.2	101.0	94.8	-6.2	-1.4	-1.5%
Other Taxes	173.5	209.6	181.6	-28.0	8.1	4.7%
Total Taxes	\$7,470.8	\$7,614.9	\$7,752.0	\$137.1	\$281.2	3.8%
Other Receipts	320.3	350.8	344.2	-6.6	23.9	7.5%
Gross Tax & Other Receipts	\$7,791.1	\$7,965.7	\$8,096.2	\$130.5	\$305.1	3.9%
Accruals (Net)	19.8	-1.3	11.1	12.4	-8.7	-43.9%
Refund (Accrual Basis)	-861.0	-915.1	-898.0	17.1	-37.0	4.3%
Schl. Infrs. Refunds (Accrual)	-423.7	-444.3	-439.0	5.3	-15.3	3.6%
Total Net Receipts	\$6,526.2	\$6,605.0	\$6,770.3	\$165.3	\$244.1	3.7%
Transfers (Accrual Basis)	110.8	99.3	100.3	1.0	-10.5	-9.5%
Net Receipts Plus Transfers	\$6,637.0	\$6,704.3	\$6,870.6	\$166.3	\$233.6	3.5%

The December REC FY 2014 estimates have been adjusted for negative \$35.5 million in post-REC Legislative changes.

Available Online. See [March REC estimates](#) for additional information.

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IOWA ECONOMIC DEVELOPMENT AUTHORITY BUSINESS INCENTIVES UPDATE

Recent Awards: The Iowa Economic Development Authority (IEDA) Board recently approved business awards for seven projects in the state of Iowa. A spreadsheet with the summary of the awards can be found at <http://iowaeconomicdevelopment.com/userdocs/documents/ieda/mar13awards.pdf>.

Incentives Balance: The IEDA has two main components for business incentives through the High Quality Job Program (HQJP) tax credits that are capped at \$120.0 million annually, and cash incentives that are appropriated by the legislature. Within these tax credits and funds there are other programs that also have mandatory and discretionary allocation amounts.

[House File 2337](#), section 16 (FY 2013 Economic Development Appropriations Act) appropriated \$15.0 million from the Rebuild Iowa Infrastructure Fund (RIIF) for High Quality Job Creation Financial Assistance. This is the successor program to the Economic Development (formerly Grow Iowa Values) Fund Financial Assistance Program. The tables below reflect the adopted budget, estimated monthly utilization, and balance available to date through FY 2013.

High Quality Job Creation Cash Incentives	
Award Month	Amount
Revenue	
Fiscal Year 2013 Appropriation	\$ 15,000,000
Interest Repayments	508
Allocated Amounts	
Administration	\$ 1,650,000
Laborshed Studies	275,000
National Marketing	2,800,000
Technical Assistance and Information Technology	750,000
Regional Financial Assistance	200,000
Innovation and Commercialization Transfer	800,000
Entrepreneur Investment Awards Program Transfer	200,000
Awards Obligated	
July Awards	\$ 360,000
August Awards	1,136,000
September Awards	344,000
October Awards	411,000
November Awards	1,500,000
December Awards	700,000
January Awards	820,000
February Awards	100,000
March Awards	0
Total Allocations and Awards	\$ 12,046,000
Balance Remaining	\$ 2,954,508
*Estimated from Project Award documents	
Source: Iowa Economic Development Authority Board Documents	

Additionally, the previous Economic Development Fund has a current unobligated balance of \$15.6 million.

The IEDA also has a tax credit cap that was established for FY 2010 in [Iowa Code section 15.119](#). During the 2012 Interim, the IEDA submitted a [report](#) to the Legislative Tax Expenditure Committee that outlined the caps historical usage. If the IEDA exceeds the cap for a given fiscal year, the amount in excess is counted against the next fiscal year. Although the IEDA did not award more than \$120.0 million in FY 2012, it did run up against the cap once the mandatory \$10.0 million allocation for Innovation Fund Tax Credits and Community-Based Seed Capital Fund Tax Credits were included. No tax credits were awarded for these programs in FY 2012. The table to the right outlines the historical utilization. The table below reflects the adopted allocations and the year to date utilization.

Tax Credit Cap Utilization

(in millions)

Fiscal Year	Statutory Cap	Awards
FY 2010	\$ 185.0	\$ 104.4
FY 2011	120.0	68.6
FY 2012	120.0	119.4
FY 2013 YTD*	110.6	115.8

*Excludes FY 2012 awards counted against cap.

At this point in the fiscal year, accounting for current awards, mandatory and discretionary allocations, and the use of the cap in FY 2012, the IEDA is \$15.2 million beyond the current year cap. According to Iowa Code, any amount in excess of the cap will be deducted from subsequent year cap.

Tax Credit Obligations

Award Month	Business Awards (HQC and EZ)	Housing Enterprise Zones	Brownfield Redevelopment Program	Innovation Investment Tax Credit	Total Available Balance
Fiscal Year 2013 Allocations	\$ 95,000,000	\$ 10,000,000	\$ 5,000,000	\$ 10,000,000	\$ 120,000,000
Awards Made in FY 2012	-6,109,518	-3,299,815	0	0	
Available Cap in FY 2013	\$ 88,890,482	\$ 6,700,185	\$ 5,000,000	\$ 10,000,000	\$ 110,590,667
Awards					
July Awards	\$ 0	\$ 1,558,515	\$ 0	\$ 0	109,032,152
August Awards	2,206,949	191,798	4,916,449	0	101,716,956
September Awards	28,239,127	849,020	0	0	72,628,809
October Awards	386,932	2,080,025	0	0	70,161,852
November Awards	27,004,235	3,291,807	0	0	39,865,810
December Awards	326,806	4,970,965	0	0	34,568,039
January Awards	6,334,350	3,751,982	83,551	0	24,398,156
February Awards	22,860,152	1,826,172	0	0	-288,168
March Awards*	4,883,527		0	0	-5,171,695
FY 2013 Awards Total	\$ 92,242,078	\$ 18,520,284	\$ 5,000,000	\$ 0	
Unobligated Balance Remaining	\$ -3,351,596	\$ -11,820,099	\$ 0	\$ 10,000,000	

*Estimated from Project Award documents at that month's Board Meeting.

Source: Iowa Economic Development Authority Board Documents

Next Meeting: The next meeting of the Board is scheduled for April 19, 2013, at the Iowa Economic Development Authority Main Conference Room.

STAFF CONTACT: Kent Ohms (515-725-2200) kent.ohms@legis.iowa.gov

SCHOOL BUDGET REVIEW COMMITTEE MEETING

Meeting Summary. The School Budget Review Committee (SBRC) met on March 25, 2013. The SBRC decisions of note from the meeting include:

- Approved 18 individual school district modified allowable growth (MAG) requests totaling \$6.8 million.
- Denied three individual school district MAG requests totaling approximately \$450,000.
- Approved FY 2014 MAG for 299 districts with approved applications for returning dropout and dropout prevention programs totaling \$97.2 million.
- Approved FY 2013 MAG for 168 districts with an increase in actual enrollment compared to their budget enrollment totaling \$35.1 million. Five additional districts were eligible but did not make a request.
- Approved FY 2013 MAG for districts with students that open enrolled-out and where included in the district's budget enrollment totaling \$18.5 million.
- Approved FY 2013 MAG for costs associated with limited-English proficient students beyond the four-year program funding limitation included in the school aid formula totaling \$7.0 million.

More Information. Additional information, including the summary of SBRC hearing decisions is available on the [Department of Education](#) website.

STAFF CONTACT: Shawn Snyder (515-281-7799) shawn.snyder@legis.iowa.gov

RECENT PUBLICATIONS

Recently Published. The Fiscal Services Division has recently published the following:

NOBAs: See links to individual bills in the Status table above.

Fiscal Notes:

SF 306	Solid Waste Stewardship Report	3/27/2013
SF 331	Online Driver's License Renewal	3/27/2013
SF 408	Iowa Finance Authority Policies	3/27/2013
SF 259	Physical Therapy Co-Pay	3/27/2013
HF 99	Physical Therapy Co-Pay	3/26/2013
HF 221	Military Retirement Pay Exemption	3/26/2013
HF 576	Iowa Finance Authority Policies	3/26/2013
SF 387	City Self-Funded Debt	3/26/2013
SF 396	Government Efficiency	3/26/2013
HF 609	Property Value Rollback & State Reimbursement	3/25/2013
SF 423	Education Reform	3/25/2013
SF 395	Child Welfare Policy, Human Services Department	3/25/2013
SF 296	Medicaid Expansion	3/25/2013
HF 485	Voter Identification	3/25/2013
HF 595	University Tuition, Resident Rates	3/25/2013
HF 563	Child Pornography, Penalties	3/25/2013
SF 406	Mental Health, Judicial Workgroup Recommendations	3/25/2013
HF 534	Identity Theft	3/21/2013
HF 570	Health Care Facility Informal Conference on Contested Citations	3/21/2013
HF 573	Assault on Public Transit Worker	3/21/2013
HF 543	Propane Education and Research Council	3/21/2013
SF 409	Economic Development Authority Tax Related Changes	3/20/2013

Fiscal Notes, continued

HF 511	Farm Property Inheritance Tax Exemption	3/20/2013
SF 421	E911 Surcharge Equalization	3/20/2013
SF 418	Confined Animal Feeding Operations	3/20/2013
HF 557	Law Enforcement Equipment Removal, Criminal Penalty	3/20/2013
HF 525	Transportation Department Policy #2 -Driver's Lice	3/20/2013
SF 367	Food Bank Tax Credits and Appropriations	3/20/2013
SF 384	Law Enforcement Equipment Removal, Criminal Penalty	3/20/2013
SF 412	Small Business Health Care Tax Credit	3/19/2013
HF 567	Gambling Socioeconomic Study	3/19/2013
HF 548	Vision Screening for School Children	3/19/2013

[Monthly Total Tax Memo](#) – revenues for FY 2013 through February 28, 2013

[Monthly Revenue Memo](#) – April 1, 2013

MEETINGS MONITORED

The following meetings were monitored by Fiscal Services staff. Please contact the staff listed for more information.

Meeting	Date	Staff Contact
Iowa Economic Development Authority Board	3/22/2013	Kent Ohms (725-2200)
School Budget Review Committee (SBRC)	3/25/2013	Shawn Snyder (281-7799)

This document is available online at: <https://www.legis.iowa.gov/LSAReports/fiscalUpdate.aspx>